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FLOOR DEBATE

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documents with the department; failure to permit an examination by the department; failure to maintain records required by the department; knowingly employing an individual or maintaining a contractual relationship if that person was convicted or pled guilty to a misdemeanor or felony involving dishonesty; violations of restrictions placed on that licensee, or revocations of a similar license in any other jurisdiction. The bill, LB 218, also sets forth affirmative duties that the licensee must take to provide protections for Nebraska consumers. That includes, among other things, maintenance of documents and records for a three-year period, and also it puts the affirmative burden on the licensee to notify the department if that licensee has gone bankrupt or been reorganized, or if there have been suspended or otherwise revoked license in other jurisdictions, or of the criminal indictment or information against the licensee or any of its insiders. Section 9 of the bill amends Neb. Rev. Stat. Section 45-714 to set forth actions that are prohibited to a Mortgage Bankers Act licensee. They would include such actions as delaying closings to increase the fees to the lender, misrepresentations or concealment of facts to the consumer, engaging in practices that are not in good faith or which operate as a fraud, false or misleading advertisements or solicitations, recording liens if the funds are not available for immediate dispersal, failure to account for personal property obtained in connection with the mortgage loan, failure to disburse funds in accordance with any agreement, and collection of charges in loan flipping situations. A loan flipping situation is a new loan to a current borrower of the licensee within 12 months after a previous mortgage loan was made. In addition, this bill would prohibit the assessment of fees that are not reasonable and necessary to the loan transaction, falsification of documents, and recommending to a consumer or encouraging that consumer to default. All of these prohibited acts will carry a Class III misdemeanor penalty, which is a maximum of three months, \$500, or both, and will allow for civil damages, including court costs and attorneys' fees. That, in a broad sense, is what LB 218 is designed to accomplish.

SENATOR CUDABACK: Thank you, Senator Quandahl. There are committee amendments offered by the Banking, Commerce, and